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December 4, 1992



Ms. Donna R. Searcy, Secretary Federal Communications Commission 1919 M Street, N.W., Room 222 Washington, D.C. 20036

RE: In the Matter of Amendment of the Part 69 Allocation of General Support Facility Costs, CC Docket No. 92-222

Dear Ms. Searcy:

Attached are the original and five copies of the Comments of the United Telephone Companies in the proceeding referenced above.

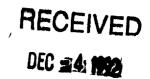
Sincerely,

Jay C. Keithley

Say C. Keithley

Attachment

JCK/mlm



Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

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In the Matter of)		
)		
Amendment of the Part 69)	CC Docket No.	92-222
Allocation of General Support)		
Facility Costs)		

COMMENTS OF THE UNITED TELEPHONE COMPANIES

The United Telephone companies ("United") hereby comment on the Commission's October 19, 1992 Notice of Proposed Rulemaking ("NPRM") in the above referenced proceeding. In the NPRM the Commission seeks comments on its proposal to revise its Part 69 rules so as to eliminate the over-allocation of General Support Facilities ("GSF") costs to special access. Alternatively, the Commission requests specific methodologies to calculate a contribution charge to recover over-allocated GSF in the event the Commission does not eliminate the over-allocation.

Introduction

The NPRM was contained in the <u>Expanded Interconnection R&O¹</u> that set out rules for the expanded interconnection of local exchange carrier (LEC) facilities for the provision of interstate special access services by competitive access providers ("CAPs"), interexchange carriers and end users. In the <u>Expanded Intercon</u>

^{1.} Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, FCC 92-440, Released October 19, 1992 ("Expanded Interconnection R&O").

nection R&O, the Commission decided against implementation of a contribution charge to alleviate any hardships caused by the increased competition that will occur as a result of expanded interconnection.² However, the Commission also determined that "all market participants should contribute to regulatorily mandated support flows reflected in the LECs' rates for services subject to competition."³

The Commission found that "[b]ased on the present record, the only significant non-cost based support flow imposed by our regulations affecting special access is the over-allocation of General Support Facilities (GSF) costs to special access." However, rather than establish a contribution charge, the Commission proposes to revise its rules to eliminate the over-allocation of GSF costs to special access.

^{2. &}lt;u>Id</u>. at para. 143.

^{3.} Id.

^{4. &}lt;u>Id</u>., at para. 147. The Commission also stated at para. 143 that LECs could seek a contribution charge for other support flows.

^{5. 47} C.F.R. §69.307.

^{6.} Expanded Interconnection R&O at para. 267.

Discussion

United supports the Commission's proposal to revise its Part 69 rules to eliminate the over-allocation of GSF costs to special access. This support is conditioned upon the Commission treating the GSF cost reallocation as an exogenous change under Section 61.45(d) of its price cap rules.

United fully supports the Commission's goal that all market participants should share in the cost of regulatory, mandated social policy. While allowing the LECs to impose a contribution charge should accomplish this goal, United agrees with the Commission that such a charge will adversely impact the LECs ability to compete in the competitive special access arena that will surely result from the Expanded Interconnection R&O.

However, the desired competitive affect that eliminating the GSF cost over-allocation to special access is intended to have, will only be realized if price cap LECs are allowed to adjust rates to reflect the reallocated costs. A Part 69 rule change that reallocates costs does not drive rate changes for Price Cap

LECs. Rather, the Commission must grant exogenous treatment under its Part 61 price cap rules. Accordingly, the Commission must grant exogenous treatment for the reallocation of GSF costs. 8

If the Commission does not grant exogenous treatment, then a contribution charge must be allowed. Such a charge should be paid by all users of local access facilities. The charge should recover revenues representing the difference between a LEC's GSF allocation to special access and the GSF allocation that would be made if the rules were revised to eliminate the over-allocation of GSF costs to special access.

Conclusion

United supports the Commission's proposal to eliminate the over-allocation of GSF costs to special access, provided exogenous treatment is granted for the resulting reallocation of cost. If exogenous treatment is not granted, United urges the

^{7. 47} C.F.R. Section 61.45(d).

^{8.} The Commission in <u>Policy and Rules for Dominant Carriers</u>, CC Docket 87-313, <u>Second Report and Order</u>, 5 FCC Rcd 6786 (1990) at 6807 statd: "Exogenous costs are in general those costs that are triggered by administrative, legislative or judicial action beyond the control of the carriers." Clearly, a regulatory mandated change such as contemplated in the instant proceeding is exogenous.

Commission to implement a contribution charge to allow LECs recovery of the over-allocated GSF costs.

Respectfully submitted,

UNITED TELEPHONE COMPANIES

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December 4, 1992

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 4th day of December, 1992, sent via hand delivery or U.S. First Class Mail, postage prepaid, a copy of the foregoing "Comments of the United Telephone Companies" in the Matter of Amendment of the Part 69 Allocation of General Support Facility Costs, CC Docket No. 92-222, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

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